

RETIREMENT SEMINAR

FOR

MUNICIPAL EMPLOYEES

GROUP 1

(most members except Public Safety)

SUPERANNUATION

Normal retirement based on age and years of service.

Eligibility requirements: any age with twenty (20) years of service – or – age 55 with ten (10) years of service

Employees hired after 04/02/2012 fall under NEW rules

ORDINARY DISABILITY

Non-job related disability. Eligibility requirement: must have a minimum of ten (10) years of creditable service.

ACCIDENTAL DISABILITY

Job related disability. Eligibility requirements:

- 1) you must be disabled
- 2) your injury must be JOB-RELATED*
- 3) your disability must be permanent in nature

*you must have supporting documentation of a work related injury, ie – workers comp forms, employer statement, physician's statement, etc

RETIREMENT OPTIONS:

- OPTION A: Pays you the most money in your pocket each month, but upon your death, all payments CEASE.
- OPTION B: Pays you about 1-5% less than Option A, but upon your death, there is a one-time, lump sum payment to your beneficiary of the balance remaining in your annuity savings fund. Your Annuity Savings fund is usually used up within 10-12 years of retirement.
- OPTION C: Frequently referred to as "Survivor's Benefits", where your monthly pension is usually 7-15% LESS than your Option A pension amount, but upon your death, your beneficiary continues to receive 2/3's of your pension for the rest of his/her life. If your beneficiary pre-deceases you, you will automatically pop-up to Option A.

RETIREMENT CALCULATION:

Three (3) year average salary X age factor X creditable service = your annual pension amount, divide by 12 to get your gross monthly amount

Three year average: Add together your highest three (3) consecutive years of regular compensation (overtime is NOT included), and divide by three to get your “three year average”.

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Age Factor: From age factor table on next page

Creditable Service: The total amount of years and months that you were a contributing member of the retirement system.

Age Factor Chart

Group 1

Age upon the date

of your retirement:

Age Factor:

<u>65</u>	<u>2.5</u>
<u>64</u>	<u>2.4</u>
<u>63</u>	<u>2.3</u>
<u>62</u>	<u>2.2</u>
<u>61</u>	<u>2.1</u>
<u>60</u>	<u>2.0</u>
<u>59</u>	<u>1.9</u>
<u>58</u>	<u>1.8</u>
<u>57</u>	<u>1.7</u>
<u>56</u>	<u>1.6</u>
<u>55</u>	<u>1.5</u>
<u>54</u>	<u>1.4</u>
<u>53</u>	<u>1.3</u>
<u>52</u>	<u>1.2</u>
<u>51</u>	<u>1.1</u>
<u>50</u>	<u>1.0</u>

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SAMPLE ESTIMATE OF RETIREMENT BENEFITS:

Employee name: Wannabe A. Retiree
 Date of retirement: 12/31/2010
 Age: 65 Spouse's age: 62 Child age: 42

Annuity Savings fund balance at retirement: \$50,000*

Earnings (3 highest years):

2008 \$25,000.00

2009 30,000.00

2010 35,000.00

\$90,000.00 ÷ 3 = \$30,000 3-year average

\$30,000.00

x 2.5% (age factor)

\$750.00

x32.00(years of creditable service)

\$24,000.00 ÷ 12= \$2,000.00 per month

WIFE as beneficiary:

	<u>Option A</u>	<u>Option B</u>	<u>Option C</u>	<u>Beneficiary</u>
Annuity	5,046.00	4,776.00	4,275.00	2,850.00
Pension	<u>18,954.00</u>	<u>18,954.00</u>	<u>16,705.80</u>	<u>11,137.20</u>
Total	24,000.00	23,730.00	20,980.80	13,987.20
Monthly	2,000.00	1,977.50	1,748.40	1,165.60

CHILD as beneficiary:

	<u>Option A</u>	<u>Option B</u>	<u>Option C</u>	<u>Beneficiary</u>
Annuity	5,046.00	4,776.00	4,031.64	2,687.76
Pension	<u>18,954.00</u>	<u>18,954.00</u>	<u>15,144.48</u>	<u>10,096.32</u>
Total	24,000.00	23,730.00	14,680.80	12,784.08
Monthly	2,000.00	1,977.50	1,598.01	1,065.34

*If option B is chosen, your annuity savings will be exhausted within 10.47 years.

MONTHLY DEDUCTIONS TO THINK ABOUT:

Taxes: (your pension is taxable to the federal government but NOT to the State of Massachusetts)

Health Insurance premiums: (same rate that employees pay, only deducted monthly rather than weekly or bi-weekly)

Life Insurance premiums:

Basic Life policy of \$2,000 good forever, monthly premium = \$1.28

Optional and Voluntary Life premiums vary and the value of policy is REDUCED at retirement – check with Rita Marconi in Human Resources for more details about YOUR plan.

Andover Federal Credit Union

RETIREMENT GUIDES:

www.state.ma.us/perac

Useful website for calculating your retirement:

<http://www.mass.gov/treasury> Then, click on Calculate Your Pension Benefits

Option D

Have you named an Option D beneficiary for your retirement account? Do you know what an Option D beneficiary is? If you name a specific person to be your Option D beneficiary (only ONE person can be named, and it must be a spouse, former spouse who has not re-married, father, mother, brother, sister or child of the member, according to MGL, Ch 32), then if you die BEFORE you retire, that person could get paid a monthly retirement allowance (rather than a refund of your retirement account). When you actually retire, you will choose Option A, B, or C, and your Option D selection becomes invalid. Your Option D designee will only benefit if you DIE BEFORE RETIRING.

SOCIAL SECURITY

You should contact Social Security to see how collecting a retirement from the Town of Andover could impact (reduce) your Social Security payments.

Dial 1-800-772-1213 or visit their web site at

www.ssa.gov

The Social Security web site now offers a way to calculate your estimated benefits if you are affected by:

Government Pension Offset (GPO) – collecting SS on your spouse's SS account

Windfall Elimination Provision (WEP) – collecting SS on your OWN SS account

Please check out their web site to find out about applying for benefits ONLINE!

The information contained in this slide show is for informational purposes only. Members should not make decisions about their retirement solely based on information presented here. If you have questions about YOUR benefits, please feel free to contact the Andover Retirement Board. Please note that we do not provide any legal, income tax or investment advice. If you need legal, income tax, or investment advice, please contact your personal attorney, your tax accountant, and/or financial planner.